



News Report Activity: Case 1

Case 1: 'FSA prohibition of Andrew Greystoke and £400,000 fine on him and Atlantic Law LLP for aiding multi-million pound boiler room share scam'(FSA:2010).



The Financial Services and Markets Tribunal has upheld a Financial Services Authority (FSA) decision permanently banning Andrew Greystoke from working in any capacity in financial services and fining him and Atlantic Law LLP (Atlantic Law), an FSA-regulated law firm of which he is senior partner, a total of £400,000.

Greystoke recklessly signed off Atlantic Law's approval of 50 UK investment advertisements, between December 2005 and March 2007, issued by four unregulated Spanish stockbroking firms. He did so without taking reasonable steps to ensure that the advertisements were clear, fair and not misleading and despite having reason to doubt that the Spanish firms would deal with UK consumers in an honest and reliable way.

Greystoke accepted before the Tribunal that these Spanish firms were boiler room share scam operators. Greystoke approved their advertisements despite seeing consumer complaints and press articles clearly warning of their activities and despite negative previous experience of acting for other Spanish boiler room clients.

The advertisements offered free research reports on respectable listed companies. As Greystoke knew, the FSA had previously published warnings that this technique was commonly used by boiler rooms to obtain UK consumer telephone contact details. The advertisements approved by Greystoke were misleading because their true purpose, which the Tribunal found to have been "blindingly obvious" to Greystoke, was not to offer the free reports, but to sell shares, whose value he knew to be at least doubtful.

In fact, the Spanish companies subjected UK consumers who requested the reports, which Greystoke knew to be of poor quality, to pressurised selling of high-risk illiquid shares in unlisted small companies. UK consumers who complained to the Spanish companies were subjected to threats and blackmail.

One hundred and thirty UK consumers have complained to the FSA that they invested a total of over £3 million. The FSA believes that they will have lost much, if not all, of their investment and that many victims will not have complained with the result that, as the Tribunal found, the true loss caused by the advertisements approved by Greystoke was likely to be substantially more than £3 million.

Margaret Cole, FSA director of enforcement and financial crime, said:

"Atlantic Law and Andrew Greystoke acted recklessly, without integrity and with a complete disregard of the risks to consumers. The Tribunal's decision supports our view that firms and individuals that assist boiler room operators should be brought to task. This has been a hard-fought case into which the FSA has put significant time and resources. It will send a strong message of deterrence to other firms and individuals that may be tempted to turn a blind eye to the legitimacy of their clients in exchange for fees or commission."

